



SUN-O INTERNATIONAL, INC.,
Petitioner,

-versus-

BN PHARMA INT'L. INC.,
Respondent-Registrant.

x-----x

} IPC No. 14-2011-00018
} Cancellation of:
} Reg. No. 4-2007-006596
} Date Issued: 08 September 2008
} TM: "BIO NORMALIZER"

NOTICE OF DECISION

ATTY. EDISON C. TEODORO
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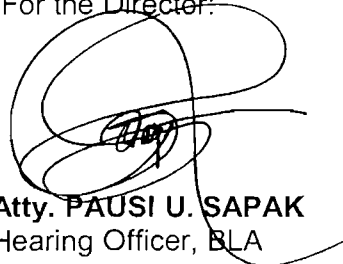
BN PHARMA INT'L. INC.
Respondent-Registrant
UG 53 South Star Bldg., South Super Highway
Bangkal, Makati City

GREETINGS:

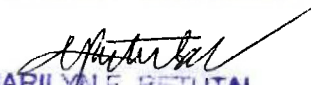
Please be informed that Decision No. 2012 – 79 dated April 30, 2012 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 30, 2012.

For the Director:


Atty. PAUSI U. SAPAK
Hearing Officer, BLA

CERTIFIED TRUE COPY


MARILYN F. RETUAL



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- versus -

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Respondent-Registrant.

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IPC No. 14-2011-00018
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TM: **BIO NORMALIZER**

Decision No. 2012- 79

DECISION

SUN-O INTERNATIONAL, INC., ("Petitioner")¹ filed on 28 January 2011 a petition to cancel Trademark Reg. No. 4-2007-006596. The registration, issued to BN PHARMA INTERNATIONAL ("Respondent-Registrant")² on 08 September 2008, covers the mark "BIO NORMALIZER" for use on "*health food supplement*" under Class 5 of the International Classification of goods³. The Petitioner alleges among other things, the following:

- "1. Petitioner is a foreign corporation, duly organized and existing by virtue of the laws of Japan, with principal address in 24 Imakomachi, Gifu-shi, Gifu 500-8069, Japan. A copy of its corporate registration in Japan is hereto attached as Annex 'A' and 'A-1' (in Japanese language) and Annex 'B' to 'B-2' (in English translation);
- "2. Petitioner also maintains a business in the Philippines which is located at c/o Bio-Normalizer Nutraceutical Corporation, First Philippines Industrial Park, Sta. Anastacia, Sto. Tomas, Batangas, Philippines where it may be served with summons, notices and court processes;
- "3. Defendant corporation, BN Pharma Int'l, Inc., is duly organized and existing by virtue of the laws of the Philippines, with office address located at UG 53 South Star Bldg., South Super Highway, Bangkal, Makati City, Philippines;
- "4. That, Sun-O International Inc. was registered under the laws of Japan since February 15, 1965 whose primary purpose is to manufacture and sell the food supplement Bio-Normalizer internationally. Petitioner has been doing business here in the Philippines since 1996 thru its local counterpart in the name of Fil Sun-O International Incorporated, Osato Bio Industry Corporation and BN Nutraceutical Corporation which were authorized by Petitioner to manufacture,

1 A foreign corporation duly organized and existing by virtue of the laws of Japan, with principal address in 24 Imakomachi, Gifu-shi, Gifu 500-8069, Japan.

2 Is duly organized and existing by virtue of the Philippines, with office address located at UG 53 South Star Building, South Super Highway, Bangkal, Makati City, Philippines.

3 The Nice Classification is a classification of goods and services for the purpose of registering the trademark and services marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks concluded in 1957.

distribute, sell, etc., the food supplement Bio-Normalizer, domestically and internationally. Now, it has been transacting business with a domestic corporation in the name of Bio-Normalizer Nutraceutical Corporation, which is located First Philippines Industrial Park, Sta. Anastacia, Sto. San Tomas, Batangas, Philippines. Copies of SEC registrations and/or General Information Sheets of the said corporations are hereto attached and marked as Annexes `C' to `C-24' and `D' to `D-4' (for Filsun O International Incorporated); Annexes `E' to `E-24' and `F' to `F-4' (for Osato Bio Industry Corporation); Annexes `G' to `G-16' and `H' to `H-7' (for BN Nutraceutical Corporation); `I' to `I-21' and `J' to `J-8' (for Bio-Normalizer Nutraceutical Corporation);

- "5. That sometime in May 22, 2010, Petitioner received a letter from its consultant regarding its registration with the Honorable Office that a prior registration of the logo and brand name/trademark `BIO NORMALIZER DIETARY SUPPLEMENT and Logo' has been registered under the name of another entity, BN Pharma Int'l., Inc., with Certificate of Registration No. 4-2007-006596 dated September 8, 2008. Copy of the said letter is hereto attached and marked Annex `K' to `K-6';
- "6. That the registered trademark is completely identical with the trademark of the Petitioner already registered in Japan Paten Office which tends to confuse and deceive the public and has alarmed the Petitioner to file this instant Petition in order to protect its right over said trademark and business interest;
- "7. That Petitioner has continuously used, maintained and registered said trade name and trade mark in Japan Patent Office even before the defendant incorporated its company. Copy of the certificate of trademark and trade name registration in Japan Patent Office are hereto attached and marked as Annex `L' and `L-1' (for Japanese language) `M' and `M-1' (for English translation) and for the renewed trademark registration as Annex `N' (for Japanese language) and `N-1' (for the English translation);
- "8. That the registration of such trademark by the defendant (BN Pharma Int'l., Inc.) has been fraudulently obtained from this Honorable Office due to the fact that one of the incorporators of the defendant corporation was formerly connected with the local counterpart of Petitioner Sun-O International, Inc., under BN Nutraceutical Corporation, in the name of Ma. Russell Buenaventura Abrigo, she being a shareholder and director. Affidavits of Mr. Kenji Maeda and Mr. Diosdado M. Perez, President and Accountant of the said corporation, respectively are hereto attached and mark Annex `O' and `P', respectively. Copy of the SEC Registration and General Information Sheet of the defendant corporation are hereto attached as Annexes `Q' to `Q-16' and `R' to `R-5', respectively. Ms. Abrigo having employed since September 16, 2003 up to July 15, 2007 in BN Nutraceutical Corporation knows very well the success and progress selling the said product and perhaps planned of venturing to the same product and same trade mark and trade name to the detriment of her previous employer.
- "9. While Ms. Abrigo knew very well of the existence of a well-known trade mark and trade name of the Petitioner which was consistently used and labeled on its products, yet she still manage to register it in the name of the defendant corporation with a completely similar trade mark and trade name, however, such act was a true gesture of fraud and bad faith since she knew in the very beginning that the Petitioner had continuous, exclusive and uninterrupted use of the said trademark and brand name. Copy of the company profile of the Petitioner corporation is hereto attached and marked as Annex `S' to `S-7'.

- "10. That defendant registered the said trademark and trade name to the prejudice of the Petitioner without its prior consent written or otherwise. Petitioner believes that it shall damage the integrity and quality of its product to the detriment of its business operation, locally and internationally, if the defendant will not be restrained or prohibited from using the said trademark and trade name. Since all of the customers would be likely deceived as to the origin and quality of the product, to the extent of damaging the goodwill and business opportunity of the Petitioner.
- "11. That in order to protect the interest of the Petitioner, it was constrained to hire the services of a counsel to vindicate its lawful rights and was forced to incur expenses because of this suit in the amount of Five Hundred Thousand pesos Philippine currency (Php500,000.00).
- "12. That evidently Petitioner has all the right to cause the cancellation of the registration of such trade name and trade mark against the defendant by virtue of Republic Act 8293 Section 3, 77 and 160 to wit: x x x
- "13. That Petitioner corporation was also able to register its trade name and trademark internationally with the 'World Intellectual Property Organization (WIPO)' with International Registration No. 1043317 (Bio-Normalizer). A copy of a letter and international grant of protection issued by WIPO and Intellectual Property of Singapore, respectively are hereto attached and marked as Annexes 'T', 'T-1' and 'T-2'.

This Bureau issued a Notice to Answer and served a copy thereof upon the Respondent-Registrant on 14 April 2011. However, the Respondent-Registrant did not file an Answer.

Should Trademark Reg. No. 4-2007-0006596 be cancelled?

There is practically no difference between the Respondent-Registrant's mark, as shown below:

BIO NORMALIZER

and the Petitioner's, to wit:



Also, the goods covered by the Respondent-Registrant's registration are similar and/or closely related to the goods dealt in by the Petitioner using the trademark "BIO NORMALIZER". Thus, it is likely that the consumers will have the impression that these goods or products originate from a single source or the origin. The confusion or mistake would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:⁴

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff and the public would then be deceived either into that belief or into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

The public interest, therefore, requires that two marks, identical to or closely resembling each other and used on the same and closely related goods, but utilized by different proprietors should not be allowed to co-exist. Confusion, mistake, deception, and even fraud, should be prevented. It is emphasized that the function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.⁵

In this regard, the Respondent-Registrant has secured a trademark registration in the Philippines for the mark BIO-NORMALIZER. Sec. 138 of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), provides that "*A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.*" Under this provision, however, it is clear that the ownership of the mark is only a presumption, and therefore may be overcome by an adverse superior claim and evidence of ownership. Corollarily, Sec. 151.1 of the IP Code provides among other things that

A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

x x x(b) Any time, if the registered mark x x x or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being

⁴ *Converse Rubber Corporation v. Universal Rubber Products Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.
⁵ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. x x x

The Petitioner submitted evidence of the following: *first*, that it is registered under the laws of Japan since 1965 and its primary purpose is to manufacture and sell the food supplement "BIO-NORMALIZER internationally"; *second*, that it has been doing business in the Philippines since 1996 thru its local counterparts in the name of Fil Sun-O International Incorporated, Osato Bio Industry Corporation and BN Nutraceutical Corporation which it authorized to manufacture, distribute, sell, etc., the food supplement Bio-Normalizer, domestically and internationally; *third*, that it has now been transacting business with a domestic corporation in the name of Bio-Normalizer Nutraceutical Corporation, which is located at the First Philippines Industrial Park, Sta. Anastacia, Sto. San Tomas, Batangas, Philippines; and *fourth*, that its mark has been continuously used, maintained and registered in Japan on 20 December 2002 bearing Reg. No. 4630351 before the Respondent-Registrant incorporated its company and when its trademark registration subject of the instant petition for cancellation has been issued on 08 September 2008.

As such, the Petitioner has interests which are obviously affected and prejudiced by the registration of the mark BIO NORMALIZER in favor of the Respondent-Registrant. Also, the Petitioner claims that the Respondent-Registrant obtained its trademark registration through fraud. Hence, under Sec. 151.1 of the IP Code, the Petitioner has the right and cause of action to file a petition to cancel the trademark registration issued to the Respondent-Registrant. Once filed, the cancellation proceeding becomes basically a review of the trademark registration in question to determine if the legal requirements for registration have been satisfied and if the maintenance or continuance of the Respondent-Registrant's trademark in the principal register would damage the Petitioner.⁶

In this regard, the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of TRIPS Agreement reads:

Section 2: Trademarks

Article 15

Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of

⁶ Sec. 154 of the IP Code provides: 154. *Cancellation of Registration.* – If the Bureau of Legal Affairs finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette. (Sec. 19, R.A. No. 166a)

distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).

3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.

4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.

5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.

Art. 16(1) of the TRIPS Agreement states:

Article 16

Rights Conferred

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

Significantly, the IP Code adopted the definition of the mark under the old law on Trademarks (Rep. Act No. 166), to wit:

121.1 "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a).

Sec. 122 of the IP Code also states:

Sec.122. How Marks are Acquired. – The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)

There is nothing in Sec. 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provisions

of the law. Significantly, Sec. 122 refers to Sec. 2-A of R.A. 166, as amended (the old Law on Trademarks), which states:

Sec.2-A. Ownership of trademarks, tradenames and service marks; how acquired. – Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce by actual use thereof in manufacture or trade, in business, and in the name, or a service-mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or services of others. The ownership or possession of a trademark, trade-name, service-mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the law.”

In *Shangri-La International Hotel Management, Ltd., et. al v. Developers Group of Companies, Inc.*,⁷ the Supreme Court defined the import and scope of Sec. 2-A of RA 166, thus:

x x x For, while Section 2 provides for what is *registrable*, Section 2-A, on the other hand, sets out how *ownership* is acquired. These are two distinct concepts.

Under Section 2, in order to register a trademark, one must be the owner thereof and must have actually used the mark in commerce in the Philippines for 2 months prior to the application for registration. Since “ownership” of the trademark is required for registration, Section 2-A of the same law sets out to define how one goes about acquiring ownership thereof. Under Section 2-A of the same law sets out to define how one goes about acquiring ownership thereof. Under Section 2-A, it is clear that actual use in commerce is also the test of ownership but the provision went further by saying that the mark must not have been so appropriated by another. Additionally, it is significant to note that Section 2-A does not require that the actual use of a trademark must be within the Philippines. Hence, under R.A. No. 166, as amended, one may be an owner of a mark due to actual use thereof but not yet have the right to register such ownership here due to failure to use it within the Philippines for two months. (Underscoring supplied)

Clearly, it is not the application or the registration that confers ownership of a mark, but it is the ownership of the mark that confers the right to registration. If a party is not the owner of a trademark, he has no right to register it for his exclusive use.

A scrutiny of the records and evidence leads to a conclusion that the Respondent-Registrant obtained its trademark registration through fraud. Kanji Maeda and Diosdado M. Perez stated in their affidavits that one of the incorporators of the Respondent-Registrant is Ma. Russel Buenaventura Abrigo. Abrigo is formerly connected with the Petitioner’s local counterpart BN Nutraceutical Corporation being a shareholder and Director thereof. Obviously, she has prior knowledge of the existence and use, including in the Philippines, of the Petitioner’s mark before the Respondent-Registrant filed a trademark application. The Petitioner has been doing business here in the Philippines since 1996 thru its local counterparts which at the

⁷ G.R. No. 159938, 31 Mar. 2006.

time were already registered with SEC. FIL SUN-O INTERNATIONAL INCORPORATED was registered with the Securities and Exchange Commission ("SEC") on 31 May 1992, while OSATO BIO-INDUSTRY CORPORATION, on 11 January 1995. In contrast, the Respondent-Registrant Corporation was registered with the SEC only on 08 June 2007.

The "*filewrapper*" of Trademark Reg. No. 4-2007-006596 further reveals the fraud employed by the Respondent-Registrant. In the Declaration of Actual Use (DAU)⁸, filed together with the trademark application on 26 June 2007, the Respondent-Registrant stated that the mark BIO-NORMALIZER was used in the Philippines on 19 April 1996. This use of the mark BIO-NORMALIZER could not be of the Respondent-Registrant because it was incorporated only in 2007. The date 1996, however, jibes with the Petitioner's claim that it has been doing business in the Philippines since 1996. Thus, while the statement in the DAU may have been true, the one using the mark BIO NORMALIZER is the Petitioner.

That the use in the Philippines of the mark BIO-NORMALIZER starting in 1996 refers to the Petitioner's and not of the Respondent-Registrant is further shown in the supporting documents attached to the trademark application and the DAU. The Respondent-Registrant submitted a brochure/booklet with the title BIO NORMALIZER. The brochure, however, belongs to the OSATO Group of Companies. The following addresses are printed at the back of the brochure or booklet:

"China:

A-32 Hequiao Bldg., No. Jia 8, Guang Ho Rd.
Chao Yang District, Beijing 100026, China

"Japan:

24 Imako-Machi, Gifu 500-8096"

"Philippines:

25th Floor Burgundy Corporate Tower # 252 Sen. Gil Puyat Avenue, Makati City, Phil.",

"Philippine Lab:

Unit 3 & 4 G/F J & L Bldg. 251 Edsa Greenhills, Mandaluyong City"

"Russia:

119034 Moscow, Gagarinsky Per. Bldg 19/3-47"

"Saipan:

P.O. Box 503 883, CK, Saipan MP 96950"

The brochure/booklet also bear the website address www.bio-normalizer.com. This website belongs to the Petitioner.

⁸ Sec. 124.2 of the IP Code provides that the applicant or the registrant shall file a declaration of actual use of the mark with evidence to that effect, as prescribed by the Regulations within three (3) years from the filing date of the application. Otherwise, the application shall be refused or the mark shall be removed from the Register by the Director.

The Respondent-Registrant also submitted a sample product box/packaging bearing the mark or brand BIO NORMALIZER Dietary Supplement. The box/packaging, however, indicates that the product is made in Japan and manufactured by:

"Bio-Normalizer Manufacturing Corporation
P.O. Box 504547, CK Saipan, MP 96950
CNMJ, USA"

"Sun-O International Incorporated
24 Imakomachi, Gifu 500-8069
Japan"

These names and addresses correspond or belong to the Petitioner and its partners, not to the Respondent-Registrant's.

Succinctly, there can be no other conclusion as to the purpose or motive of the Respondent-Registrant in submitting or attaching to its trademark application and DAU the abovementioned brochures/booklets and box/packaging. In applying and registering the mark BIO NORMALIZER, the Respondent-Registrant had passed itself as the origin of the goods bearing the brand or mark BIO NORMALIZER, or as an entity affiliated to or connected with the Petitioner, or one who was authorized by the latter to register the mark in the Philippines. All of these were not true, belied by the filing by the Petitioner of this petition.

Thus, not being the owner of the mark BIO NORMALIZER nor authorized by the true owner thereof, the Respondent-Registrant has no right to register the mark in its favor. Worse, it employed deceit amounting to fraud. Trademark Reg. No. 4-2007-006596 therefore should be cancelled.

With respect to the claim of the Petitioner for award of damages, this is improper since this is an *inter partes* case under Sec. 10.1 of the IP Code. Damages may be awarded only in IP violation cases under Sec. 10.2 of the IP Code.

WHEREFORE, premises considered, the instant petition for cancellation is hereby **GRANTED**. Let the filewrapper of Trademark Reg. No. 4-2007-006596 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 30 April 2012.


ATTY. NATHANIEL S. AREVALO
Director IV
Bureau of Legal Affairs

